

San Francisco Bay Area Rapid Transit District Fiscal Year 2003 Budget



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Message from the General Manager



In Fiscal Year 2003 BART celebrates 30 years as one of the premier transportation agencies in the San Francisco Bay Area. Early advocates of BART

had a vision of a Bay Area-wide service that could transport a large number of passengers around the San Francisco Bay quickly, efficiently and with sensitivity to the environment. Their vision has become a reality as each weekday, roughly 300,000 trips are made to jobs, schools or other activities on BART. But building a leading transportation agency is never without difficulties. Since the beginning, BART has faced issues similar to what we face today: how to excel while keeping to a fiscally responsible budget.

Transit agencies have all suffered from the effects of the recent economic downturn. Most economists predict a steady, if moderate, recovery over the next year, but the San Francisco Bay Area economy is expected to improve more slowly than the rest of the state and the nation. BART expects to suffer from declining ridership numbers and a sharp drop in our share of sales tax revenues. We are presented with a tremendous challenge as we work to create a balanced Operating Budget for Fiscal Year 2003.

The current situation is challenging. Ridership in March of 2002 was 10% below March of 2001. Sales tax revenue for the first quarter of fiscal year 2002 was down by 5% compared to the same time period in fiscal year 2001. Subsequent quarters showed even sharper declines—10% in the second quarter and 13% in the third. Sales tax revenues will improve but probably only to those levels we experienced in fiscal year 2002. We expect ridership numbers to stay level with current usage for the balance of the year.

Everyone at BART has risen to the challenge. Through a series of cost-cutting efforts across all departments and disciplines, including the elimination of 77 vacant operating positions, the Preliminary Budget cut a projected \$56.7 million deficit to \$28.1 million. Additional measures have recently been approved by the Board of Directors and include workforce reductions as we share the burden of cost-cutting across the whole organization. The balance of the deficit will be addressed through fare increases and some limited charges for parking—two measures we hope will be the least painful way for our passengers to share in reducing the deficit. As always, our primary focus is to ensure that there is minimal impact to the high level of service, safety and security we deliver to our customers.


Thomas Margro
BART General Manager

Overview

Service

First and foremost, we are obligated to provide the best possible service to our customers. The service plan for fiscal year 2003 projects 91.53 million passengers traveling 1.18 billion passenger miles which represents a decrease from the fiscal year 2002 adopted budget. Fiscal year 2003 car hours have been reduced by nearly 10% from the fiscal year 2002 adopted budget. Reductions have been achieved primarily by adjusting schedules to match levels of ridership demand. The ability to provide service excellence means we still need to invest in capital improvements and equipment rehabilitation as well as maintain our day-to-day operations while controlling expenses. This year's adopted budget reflects a 1.3% decrease from the fiscal year 2002 adopted budget.

Because we are looking at increases in labor costs, health insurance rates, ADA paratransit, feeder bus costs and continued high costs for power, we need to cut costs wherever possible. Discretionary non-labor expenses were cut first. Labor expense cuts were realized through overtime reductions and the elimination of 77 vacant operating positions. The Board of Directors authorized the elimination of an additional 72 positions to help balance the budget. Modest service adjustments were made in line with our loss of ridership. Internal support functions have been adversely impacted in the short term until our fiscal condition improves.

The District will not begin any new capital projects in fiscal year 2003 using BART funds. The reduced operating budget of \$10.0 million for the capital/rehabilitation program will allow continued work on several critical, partially funded projects. Many hoped-for improvements will have to be deferred.

We will meet our ongoing commitment to make debt service payments to bondholders. The fiscal year 2003 bond debt service is projected to be \$59.2 million, a slight increase over fiscal year 2002. The expense reflects

bonds sold in 1990, 1991, 1995, 1999 and 2001. The 1991 bond series was paid off in early fiscal year 2003. The 2001 bond sale of \$168.7 million funded, in part, the A&B Car Renovation Program, capital improvements, a capital reserve account for the BART-SFO Extension, refunded a portion of outstanding bonds to achieve cash flow savings and established a Bond Reserve Fund.

San Francisco Airport Extension

This fiscal year will see the start of operations of the new San Francisco Airport extension. The current budget will be revised to add the budget for operating the extension once the opening date has been determined. Operating costs and funding are governed by the Comprehensive Agreement with the San Mateo County Transit District (SamTrans). The Agreement commits SamTrans to cover any operating shortfalls. Any surplus is committed initially to the East Bay Warm Springs extension.

Safety

We have been presented with new recommendations for seismic retrofits and enhancements that will require over \$1 billion in spending for construction over the next 10 years. Of primary importance is retrofit of the Transbay Tube, a project which requires over \$200 million to execute. Plans are in place to raise the necessary monies through federal and state sources and the placement of a general obligation bond issue on the November 2002 ballot.

Security

As always, new challenges arise that cannot be fully anticipated. This year, we are faced with a considerable increase in expenses related to post-9/11 security issues. Staff is working to obtain funding from federal and state sources to pay for some of these added expenses, including police overtime and new security measures such as additional alarms and security cameras, security improvements to building and facilities and security and additional training for staff.

San Francisco Bay Area Rapid Transit District Fiscal Year 2003 Budget

Income Statement

District Adopted Operating Budget (\$thousands)

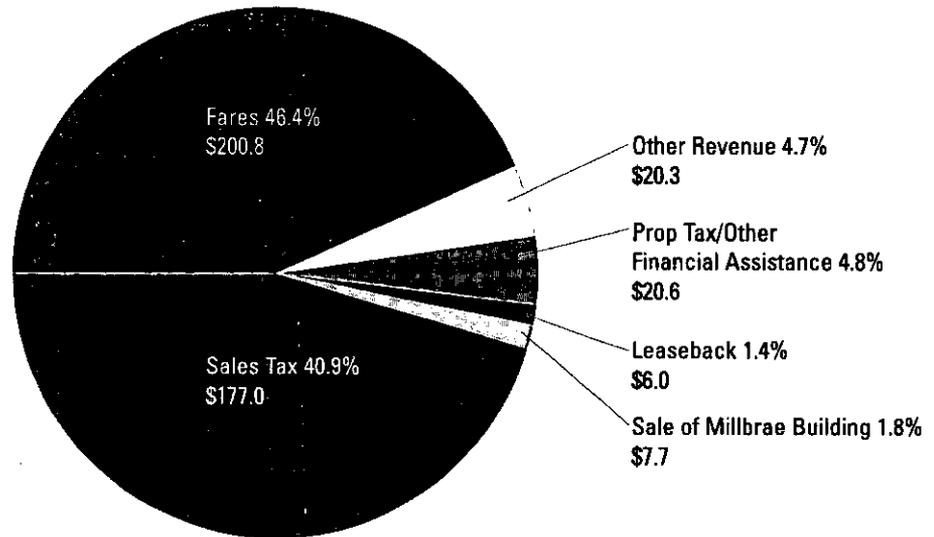
	FY02 Adopted Budget	FY02 Revised Budget	FY03 Adopted Budget
REVENUES			
Net Rail Revenue	\$ 215,817.2	\$ 203,143.6	\$ 200,400.0
Paratransit	425.0	425.0	425.0
Net Passenger Revenue	\$ 216,242.2	\$ 203,568.6	\$ 200,825.0
Interest Revenue	9,270.0	9,270.0	4,943.9
Other Operating Revenue	10,409.9	11,209.9	15,308.3
TOTAL OPERATING REVENUE	\$ 235,922.1	\$ 224,048.5	\$ 221,077.2
EXPENSES			
Net Labor	\$ 258,515.5	\$ 251,531.9	\$ 257,222.7
Express Bus Service	0.0	0.0	2,675.0
Shuttle Service	160.0	160.0	0.0
ADA Paratransit Services	8,200.0	9,140.8	9,859.8
Purchased Transportation	3,776.6	3,646.7	3,376.2
Traction & Station Power	28,719.1	24,674.1	27,622.2
Other Non-Labor	68,559.9	61,979.9	62,427.3
TOTAL OPERATING EXPENSES	\$ 367,931.1	\$ 351,133.4	\$ 363,183.2
OPERATING DEFICIT	\$ (132,009.0)	\$ (127,084.9)	\$ (142,106.0)
TAX & FINANCIAL ASSISTANCE			
1/2¢ Sales Tax (75%)	195,159.2	177,000.0	177,000.0
Property Tax	17,380.5	17,861.2	18,600.0
State Transit Assistance (STA)	1,389.3	376.4	476.2
TDA & Other Assistance	1,406.1	877.1	1,563.7
TOTAL TAX & FIN. ASSISTANCE	\$ 215,335.1	\$ 196,114.7	\$ 197,639.9
DEBT SERVICE & ALLOCATIONS			
Debt Service Allocations	(57,014.9)	(56,718.6)	(59,227.0)
Capital & Other Allocations	(26,311.2)	(12,311.2)	(10,000.0)*
Allocation from Capital Revenue- Portion of Leaseback	N/A	N/A	6,000.0
Allocation from Capital- Sale of Millbrae Property	N/A	N/A	7,693.1*
TOTAL DEBT SVC. & ALLOC.	\$ (83,326.1)	\$ (69,029.8)	\$ (55,533.9)
FINANCIAL RESULT (DEFICIT)	\$ 0.0	\$ 0.0	\$ 0.0
Rail Farebox Ratio	60.7%	60.1%	57.7%
Farebox Ratio	58.8%	58.0%	55.3%
Operating Ratio	64.1%	63.8%	60.9%
Average Weekday Ridership	340,990	317,000	311,660
Passenger Miles (000)	1,290,233.5	1,192,070.1	1,185,470.0
Rail Cost/Passenger Mile	27.58¢	28.37¢	29.29¢

* \$7693,044 of the \$10,000,000 allocation to Capital will be deferred until the building sale occurs.

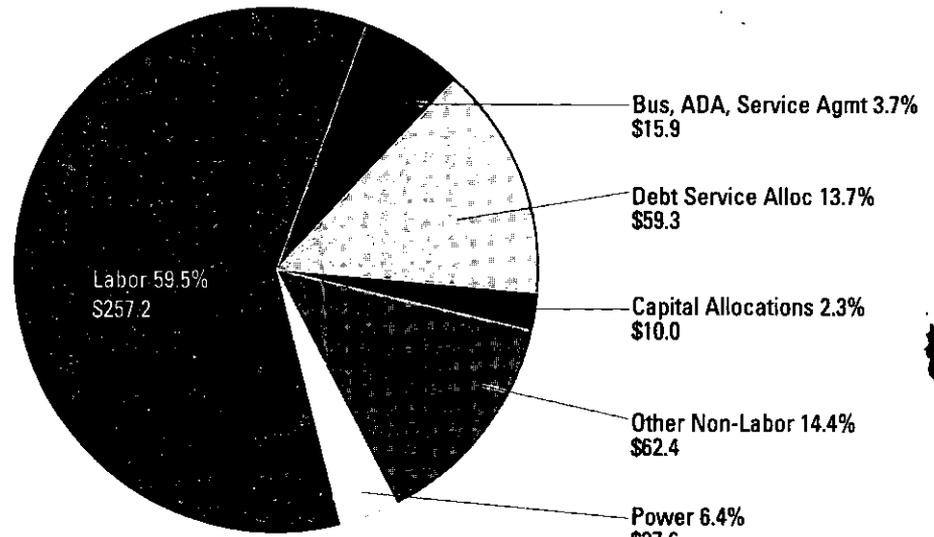
San Francisco Bay Area Rapid Transit District Fiscal Year 2003 Budget

Operating Budget
(\$ in millions)

Sources
\$432.4 million

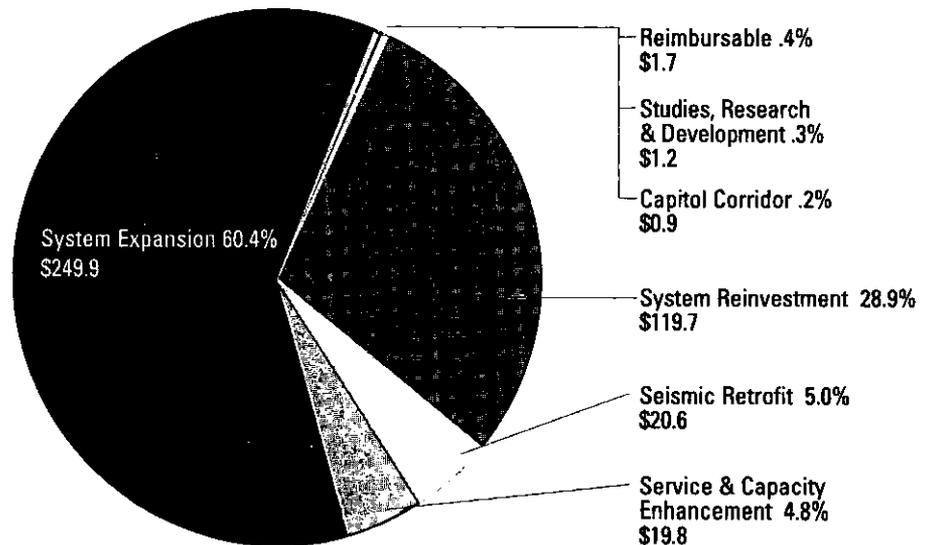


Uses
\$432.4 million



Capital Budget
(\$ in millions)

Total Capital Budget
\$413.8 million



San Francisco Bay Area Rapid Transit District Fiscal Year 2003 Budget

BART Board of Directors and Organization

Board Of Directors

Joel Keller • President
District 2 • Contra Costa County

Peter W. Snyder • Vice-President
District 5 • Alameda-Contra Costa Counties

Dan Richard
District 1 • Contra Costa County

Roy Nakadegawa
District 3 • Alameda-Contra Costa Counties

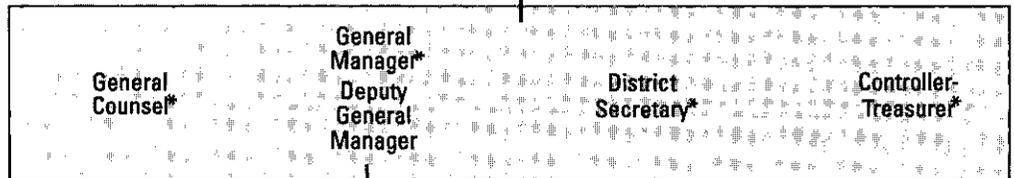
Carole Ward Allen
District 4 • Alameda County

Thomas M. Blalock
District 6 • Alameda County

Willie B. Kennedy
District 7 • San Francisco-Alameda-Contra Costa Counties

James Fang
District 8 • San Francisco County

Tom Radulovich
District 9 • San Francisco County



Police

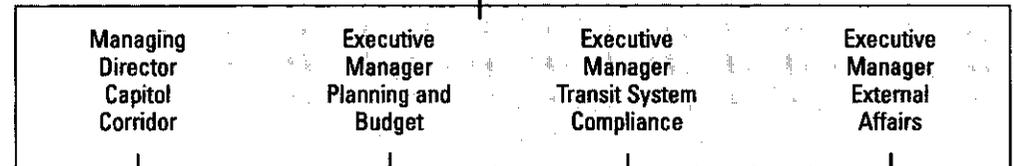


Performance and Learning
Human Resources
Procurement
Information Technology
Real Estate Services

Transportation and System Service
Rolling Stock and Shops
Operations Training and Development
Maintenance and Engineering
Operations Liaisons

Project Controls
Stations Capital Program
Shops and Structures Capital Program
Systems Capital Program
Automatic Fare Collection/Oakland Airport Connector Capital Program
Rail Vehicles Capital Program
Seismic Retrofit Capital Program
Warm Springs Extension Capital Program

Design and Construction Engineering Support
Stations and Parking
Line Trackwork and Systems
Construction
Financial Planning
Community Relations



Mechanical
Transportation
Finance and Planning

Planning
Operating Budgets and Analysis
Capital Development and Control
Customer Access

Civil Rights
System Safety
Internal Audit

Government and Community Relations
Customer Services
Media and Public Affairs
Marketing and Research

*Board Appointed

San Francisco Bay Area Rapid Transit District Fiscal Year 2003 Budget

Summary of Budgets by Executive Office

<u>General Manager</u>	
Operating Labor	\$ 839,474
Operating Non-Labor	\$ 256,100
Operating Total	\$ 1,095,574
Capital/Reimb. Labor	\$ —
FTE Staff	5.0
Operating	5.0
Capital/Reimb.	—

<u>Office of Administration</u>	
Operating Labor	\$ 17,349,306
Operating Non-Labor	\$ 16,573,928
Operating Total	\$ 33,923,234
Capital/Reimb. Labor	\$ 1,285,261
FTE Staff	211.0
Operating	197.0
Capital/Reimb.	14.0

<u>General Counsel</u>	
Operating Labor	\$ 2,466,928
Operating Non-Labor	\$ 619,115
Operating Total	\$ 3,086,043
Capital/Reimb. Labor	\$ 460,463
FTE Staff	24.0
Operating	20.0
Capital/Reimb.	4.0

<u>Transit System Compliance</u>	
Operating Labor	\$ 3,978,938
Operating Non-Labor	\$ 619,068
Operating Total	\$ 4,598,006
Capital/Reimb. Labor	\$ 579,522
FTE Staff	45.0
Operating	39.0
Capital/Reimb.	6.0

<u>District Secretary</u>	
Operating Labor	\$ 843,478
Operating Non-Labor	\$ 621,191
Operating Total	\$ 1,464,669
Capital/Reimb. Labor	\$ —
FTE Staff	7.0
Operating	7.0
Capital/Reimb.	—

<u>Office of External Affairs</u>	
Operating Labor	\$ 4,222,423
Operating Non-Labor	\$ 3,343,413
Operating Total	\$ 7,565,836
Capital/Reimb. Labor	\$ —
FTE Staff	50.5
Operating	50.5
Capital/Reimb.	—

<u>Controller/Treasurer</u>	
Operating Labor	\$ 9,479,729
Operating Non-Labor	\$ 9,264,286
Operating Total	\$ 18,744,015
Capital/Reimb. Labor	\$ 257,074
FTE Staff	129.0
Operating	126.0
Capital/Reimb.	3.0

<u>Police</u>	
Operating Labor	\$ 26,366,971
Operating Non-Labor	\$ 718,512
Operating Total	\$ 27,085,483
Capital/Reimb. Labor	\$ 1,279,007
FTE Staff	286.0
Operating	270.0
Capital/Reimb.	16.0

<u>Office of Planning & Budget</u>	
Operating Labor	\$ 7,090,593
Operating Non-Labor	\$ 46,918,206
Operating Total	\$ 54,008,799
Capital/Reimb. Labor	\$ 1,099,813
FTE Staff	73.0
Operating	62.0
Capital/Reimb.	11.0

<u>Office of Operations</u>	
Operating Labor	\$ 189,378,035
Operating Non-Labor	\$ 26,980,033
Operating Total	\$ 216,358,068
Capital/Reimb. Labor	\$ 19,414,955
FTE Staff	2,479.5
Operating	2,270.5
Capital/Reimb.	209.0

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Summary of Budgets by Executive Office

Transit System Development

Operating Labor	\$	102,679
Operating Non-Labor	\$	15,505
Operating Total	\$	118,184
Capital/Reimb. Labor	\$	10,893,744
FTE Staff		94.0
Operating		1.0
Capital/Reimb.		93.0

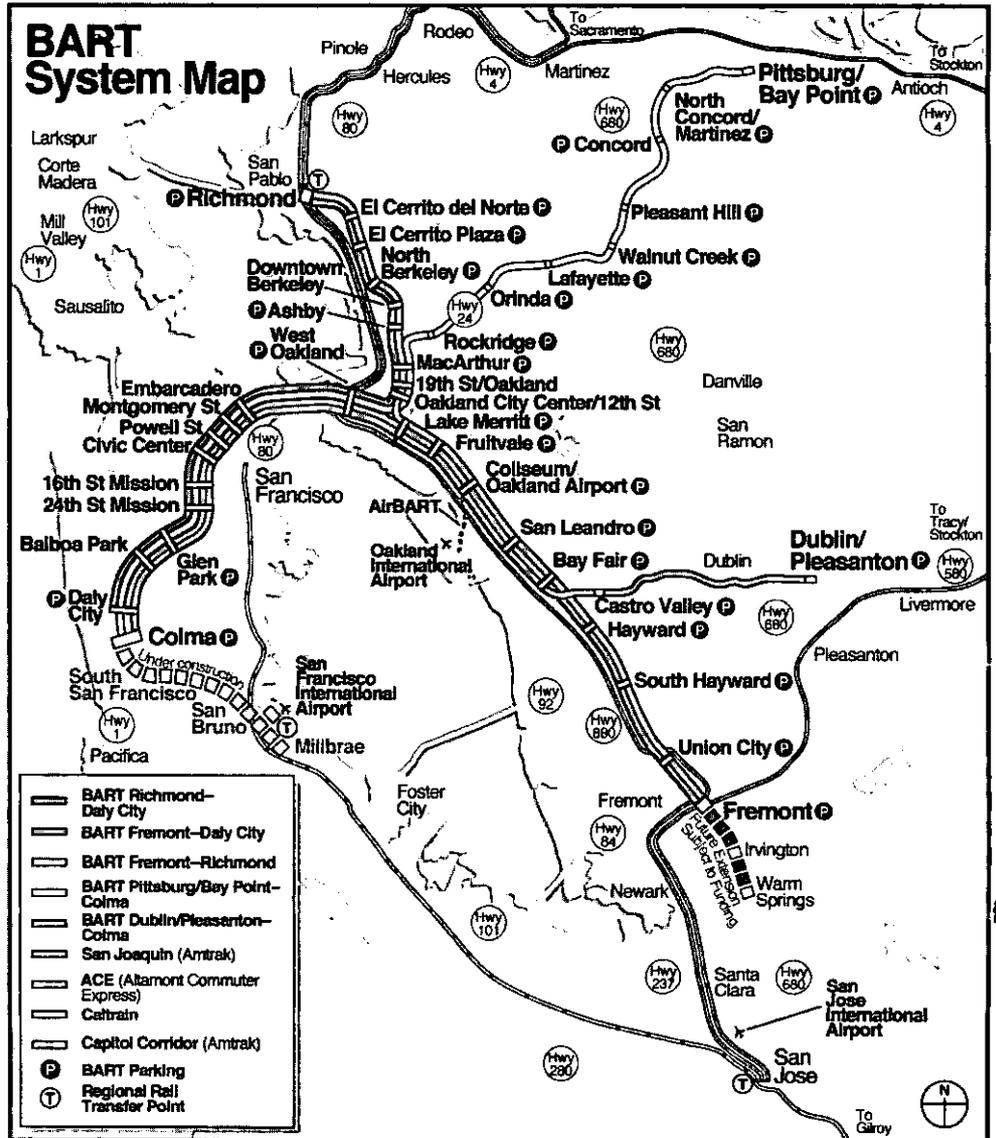
West Bay Extensions

Operating Labor	\$	—
Operating Non-Labor	\$	—
Operating Total	\$	—
Capital/Reimb. Labor	\$	1,899,563
FTE Staff		16.0
Operating		—
Capital/Reimb.		16.0

Capitol Corridor

Operating Labor	\$	—
Operating Non-Labor	\$	—
Operating Total	\$	—
Capital/Reimb. Labor	\$	946,666
FTE Staff		8.0
Operating		—
Capital/Reimb.		8.0

The BART System



BART – Serving Bay Area Mobility

- . The \$1.5 billion original investment is valued at \$15 billion today.
- . Serves four Bay Area counties with 311,660 daily passenger trips; 91.2 million annually.
- . 95-miles of double track; 39 stations and 669 rail cars.
- . 700 train dispatches each weekday.

Line Miles

A Line – (Fremont to Lake Merritt)	24 miles
M Line – (Colma to Downtown Oakland)	22 miles
R Line – (Richmond to MacArthur)	12 miles
C Line – (Downtown Oakland to Pittsburg/Bay Point)	22 miles
L Line – (Bay Fair to Dublin/Pleasanton)	15 miles